

Message Text

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PAGE 01 STATE 197736

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FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

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E.O. 11652: N/A

TAGS: EGEN-CG

SUBJECT: (1) EXIMBANK LOANS FOR INGA-SHABA AND GECAMINES (2) POSSIBLE
AIRCRAFT PURCHASE BY AIR ZAIRE

REF: KINSHASA 6500

1. MAJOR UNRESOLVED CONDITION PRECEDENT TO DISBURSEMENT EXIMBANK
INGA-SHABA FINANCING IS CONCLUSION OF PAYMENT FACILITY AGREEMENT
WHICH IS CONSIDERED ESSENTIAL TO IMPROVE REPAYMENT PROSPECTS. DRAFT
AGREEMENT BEING CARRIED BY ADAMS OF CIS TO KINSHASA WITH ARRIVAL
EXPECTED AUGUST 10. EMBASSY ASSISTANCE IN OBTAINING RAPID GOZ APPROVAL

OF AGREEMENT WOULD BE APPRECIATED. FINAL SIGNING OF PAYMENT FACILITY
AND CREDIT AGREEMENTS PLUS SUBMISSION DOCUMENTS RELATING TO
ALL CONDITIONS PRECEDENT TO DISBURSEMENT COULD TAKE UNTIL MID OR LATE
SEPTEMBER ACCORDING TO CIS. EXIMBANK GIVING HIGH PRIORITY TO
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CONSLUSION OF DUCUMENTATION IN HOPE SCHEDULE CAN BE IMPROVED UPON.

2. COMMERCIAL BANKS CONTINUE TO BE CONCERNED ABOUT PAYMENT FACILITY AGREEMENT; HOWEVER, EXIMBANK IS CONVINCED THAT AGREEMENT DOES NOT VIOLATE THEIR NEGATIVE PLEDGE COVENANTS. THIS OPINION UNDERSTOOD TO BE SHARED BY GOZ COUNSEL IN NEW YORK. COMMERCIAL BANK CONCERN IS NOT DELAYING CONCLUSION INGA-SHABA DOCUMENTATION.

3. GIVEN ABOVE TIMETABLE, EXIMBANK DOES NOT BELIEVE ITS CONDITION REQUIRING INGA-SHABA CREDIT TO BE OPERATIVE BEFORE GECAMINES CREDIT IMPOSES HARDSHIP ON GECAMINES. GECAMINES HAS STILL NOT SELECTED PARTICIPATING COMMERCIAL BANK, WHILE NORMAL TIME REQUIRED TO NEGOTIATE CREDIT AGREEMENT (WHICH CANNOT BE SUBMITTED TO GECAMINES UNTIL BANK SELECTED) AND RECEIVED DOCUMENTS REPRESENTING CONDITIONS PRECEDENT TO DISBURSEMENT COULD EASILY TAKE UNTIL END SEPTEMBER.

4. EXIMBANK INFORMED BY COMMERCIAL BANK THAT AIR ZAIRE HAS AGREED TO PURCHASE TWO BOEING 737 CARGO AIRCRAFT AT TOTAL COST ABOUT DOLS 18.0 MILLION. EXIMBANK HAS NOT BEEN APPROACHED ON THIS TRANSACTION AND WOULD BE UNABLE TO APPROVE IN ANY EVENT. NONETHELESS, EXIMBANK WOULD APPRECIATE EMBASSY REPORT ON PROPOSED PURCHASE, GOZ PLANS FOR FINANCING, AND ITS COMPATIBILITY WITH STABILIZATION PROGRAM. ROBINSON

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